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9 **UNITED STATES BANKRUPTCY COURT**
10 **NORTHERN DISTRICT OF CALIFORNIA**
11 **SAN FRANCISCO DIVISION**

12 **In re:**

13 **PG&E CORPORATION,**

14 **- and -**

15 **PACIFIC GAS AND ELECTRIC**
16 **COMPANY,**

17 **Debtors.**

- 18 ☐ Affects PG&E Corporation
19 ☐ Affects Pacific Gas and Electric Company
☒ Affects both Debtors

20 ** All papers shall be filed in the Lead Case, No.*
21 *19-30088 (DM).*

Bankruptcy Case No. 19-30088 (DM)

Chapter 11

(Lead Case) (Jointly Administered)

**REORGANIZED DEBTORS' EIGHTY-
FIFTH OMNIBUS OBJECTION TO CLAIMS
(ADR NO LIABILITY CLAIMS)**

Response Deadline:
June 16, 2021, 4:00 p.m. (PT)

Hearing Information If Timely Response Made:

Date: June 30, 2021

Time: 10:00 a.m. (Pacific Time)

Place: (Telephonic Appearances Only)

United States Bankruptcy Court

Courtroom 17, 16th Floor

San Francisco, CA 94102

1 **TO: (A) THE HONORABLE DENNIS MONTALI, UNITED STATES BANKRUPTCY**
2 **JUDGE; (B) THE OFFICE OF THE UNITED STATES TRUSTEE; (C) THE AFFECTED**
3 **CLAIMANTS; AND (D) OTHER PARTIES ENTITLED TO NOTICE:**

4 PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the “**Utility**”), as
5 debtors and reorganized debtors (collectively, the “**Debtors**” or as reorganized pursuant to the Plan (as
6 defined below), the “**Reorganized Debtors**”) in the above-captioned chapter 11 cases (the “**Chapter 11**
7 **Cases**”) hereby submit this Eighty-Fifth Omnibus Objection (the “**Objection**”) to the Proofs of Claim
8 (as defined below) identified in the column headed “Claims To Be Disallowed and Expunged” on
9 **Exhibit 1** annexed hereto.

10 **I. JURISDICTION**

11 This Court has jurisdiction over this Objection under 28 U.S.C. §§ 157 and 1334; the *Order*
12 *Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D. Cal.); and
13 Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern
14 District of California (the “**Bankruptcy Local Rules**”). This matter is a core proceeding pursuant to 28
15 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The
16 statutory predicates for the relief requested are section 502 of Title 11 of the United States Code (the
17 “**Bankruptcy Code**”) and Rule 3007 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy**
18 **Rules**”).

19 **II. BACKGROUND**

20 On January 29, 2019 (the “**Petition Date**”), the Debtors commenced with the Court voluntary
21 cases under chapter 11 of the Bankruptcy Code. Prior to the Effective Date (as defined below), the
22 Debtors continued to operate their businesses and manage their properties as debtors in possession
23 pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner was appointed
24 in either of the Chapter 11 Cases. The Chapter 11 Cases are being jointly administered for procedural
25 purposes only pursuant to Bankruptcy Rule 1015(b).

26 Additional information regarding the circumstances leading to the commencement of the Chapter
27 11 Cases and information regarding the Debtors’ businesses and capital structure is set forth in the
28 *Amended Declaration of Jason P. Wells in Support of the First Day Motions and Related Relief* [Docket
No. 263].

On July 1, 2019, the Court entered the *Order Pursuant to 11 U.S.C. §§ 502(b)(9) and 105(a), Fed. R. Bankr. P. 2002, 3003(c)(3), 5005, and 9007, and L.B.R. 3003-1 (I) Establishing Deadline for Filing Proofs of Claim, (II) Establishing the Form and Manner of Notice Thereof, and (III) Approving Procedures for Providing Notice of Bar Date and Other Information to All Creditors and Potential Creditors* [Docket No. 2806] (the “**Bar Date Order**”). The Bar Date Order set the deadline to file all proofs of claim (each, a “**Proof of Claim**”) in respect of any prepetition claim (as defined in section 101(5) of the Bankruptcy Code), including all claims of Fire Claimants (as defined therein), Wildfire Subrogation Claimants (as defined therein), Governmental Units (as defined in section 101(27) of the Bankruptcy Code), and Customers, and for the avoidance of doubt, including all secured claims and priority claims, against either of the Debtors as October 21, 2019 at 5:00 p.m. Pacific Time (the “**Bar Date**”). The Bar Date later was extended solely with respect to unfiled, non-governmental Fire Claimants to December 31, 2019 [Docket No. 4672]¹; and subsequently with respect to certain claimants that purchased or acquired the Debtors’ publicly held debt and equity securities and may have claims against the Debtors for rescission or damages to April 16, 2020 [Docket No. 5943].

By Order dated June 20, 2020 [Dkt. No. 8053], the Bankruptcy Court confirmed the *Debtors’ and Shareholder Proponents’ Joint Chapter 11 Plan of Reorganization Dated June 19, 2020* (as may be further modified, amended or supplemented from time to time, and together with any exhibits or scheduled thereto, the “**Plan**”). The Effective Date of the Plan occurred on July 1, 2020 (the “**Effective Date**”). See Dkt. No. 8252.

III. RELIEF REQUESTED

The Reorganized Debtors file this Objection, pursuant to section 502 of the Bankruptcy Code, Bankruptcy Rule 3007(d)(5), Bankruptcy Local Rule 3007-1, the *Order Approving (A) Procedures for Filing Omnibus Objections to Claims and (B) the Form and Manner of the Notice of Omnibus Objections*, dated June 30, 2020 [Docket No. 8228] (the “**Omnibus Objections Procedures Order**”), and the *Order Approving ADR and Related Procedures for Resolving General Claims*, dated September 25, 2020 [Docket No. 9148] (the “**ADR Procedures Order**”), seeking entry of an order disallowing and

¹ The claims of Fire Claimants will be administered through the Fire Victim Trust and the claims of Wildfire Subrogation Claimants through the Subrogation Wildfire Trust in accordance with the Plan.

1 expunging the Proofs of Claim identified on **Exhibit 1** hereto, in the columns headed “Claims To Be
2 Disallowed and Expunged” (the “**ADR No Liability Claims**”).

3 The holders of the ADR No Liability Claims have “fail[ed] to comply with the General ADR
4 Procedures, negotiate in good faith, or cooperate as may be necessary to effectuate the General ADR
5 Procedures,” and thus do not meet the requirements of Section IV.E of the ADR Procedures Order, in
6 one of three ways:

7 (1) No Response to Information Request. The Reorganized Debtors sent each of these
8 Claimants an Information Request Form in accordance with the General Claims Information Procedures,
9 in order to acquire certain limited and targeted information necessary to allow the Reorganized Debtors
10 to evaluate the Claims for potential resolution. In accordance with the ADR Procedures Order, the
11 Information Request Form was required to be returned by no later than twenty-eight (28) days after the
12 mailing (whether by email or standard mail) (the “**Information Deadline**”). In the event a Claimant
13 failed to return the Information Request Form by the Information Deadline, the Reorganized Debtors
14 sent such Claimant an information reminder (the “**Information Reminder**”). The Information
15 Reminder provided the Claimant with an additional fourteen (14) days from the date the Information
16 Reminder is sent to return the Information Request Form (the “**Reminder Deadline**”). The Reorganized
17 Debtors did not receive any responses by the Information Deadline or the Reminder Deadline with
18 respect to any of the Claims identified on **Exhibit 1** hereto. Because the Claimants did not respond to
19 the Information Request Form, the Reorganized Debtors were unable to determine any basis for liability
20 on these Claims.

21 (2) No Response to Offer Exchange. The Reorganized Debtors sent each of these Claimants
22 a Settlement Offer pursuant to the Offer Procedures. In accordance with the ADR Procedures Order, the
23 response to the Settlement Offer must be received by the Reorganized Debtors no later than twenty-one
24 (21) days after the mailing of the Offer Notice (the “**Settlement Response Deadline**”). In the event a
25 Claimant failed to return the Settlement Offer Response Form by the Settlement Response Deadline, the
26 Reorganized Debtors sent such Claimant an offer reminder (the “**Offer Notice Reminder**”). The Offer
27 Notice Reminder provided the Claimant with an additional fourteen (14) days from the date the Offer
28 Notice Reminder is sent to return the Settlement Offer Response Form (the “**Offer Reminder**”).

1 **Deadline**”). The Reorganized Debtors did not receive any responses, either through acceptance or
2 counteroffer, by the Offer Reminder Deadline to any of the Claims identified on **Exhibit 1** hereto.

3 (3) **Failure to Appear at Mediation**. The Reorganized Debtors scheduled mediations pursuant
4 to the General Mediation Procedures after properly serving Claimants with notice of the mediation. The
5 Claimant identified on **Exhibit 1** hereto failed to appear at the mediation.

6 **IV. ARGUMENT**

7 **A. The ADR No Liability Claims Should be Disallowed and Expunged**

8 The Omnibus Objections Procedures Order supplemented Bankruptcy Rule 3007(d) to permit
9 the Reorganized Debtors to file objections to more than one claim if “[t]he claims seek recovery of
10 amounts for which the Debtors are not liable.” Omnibus Objections Procedures Order, ¶2(C)(iii).
11 Bankruptcy Rule 3007(e) requires that an omnibus objection must list the claimants alphabetically and
12 by cross-reference to claim numbers. The Reorganized Debtors are not liable for the ADR No Liability
13 Claims identified on **Exhibit 1** because the respective holders failed to comply with the ADR Procedures.

14 Each of the Claimants is listed alphabetically, and the claim number and amount are identified
15 in accordance with Bankruptcy Rule 3007(e). Furthermore, in accordance with the Omnibus Objections
16 Procedures Order, the Reorganized Debtors have sent individualized notices to the holders of each of
17 the ADR No Liability Claims.

18 **B. The Claimants Bear the Burden of Proof**

19 A filed proof of claim is “deemed allowed, unless a party in interest . . . objects.” 11 U.S.C.
20 § 502(a).² Section 502(b)(1) of the Bankruptcy Code, however, provides in relevant part that a claim
21 may not be allowed if “such claim is unenforceable against the debtor and property of the debtor, under
22 any agreement or applicable law.” 11 U.S.C. § 502(b)(1). Once the objector raises “facts tending to
23 defeat the claim by probative force equal to that of the allegations of the proofs of claim themselves,”

24 ² Upon the Reorganized Debtors’ request, the deadline under Section 7.1 of the Plan for the Reorganized
25 Debtors to bring objections to Claims initially was extended through and including June 26, 2021 (except
26 for Claims of the United States, which deadline was extended to March 31, 2021) [Docket No. 9563].
27 That deadline has been further extended through December 23, 2021, except for Claims of the California
28 Department of Forestry and Fire Protection, which deadline was extended to September 30, 2021,
without prejudice to the right of the Reorganized Debtors seek further extensions thereof [Docket No.
10494]. The deadline with respect to Claims of the United States has been further extended by stipulation
and order [Docket Nos. 10459, 10463].

1 *Wright v. Holm (In re Holm)*, 931 F.2d 620, 623 (9th Cir. 1991), quoting 3 L. King, *Collier on*
2 *Bankruptcy* § 502.02 at 502-22 (15th ed. 1991), then “the burden reverts to the claimant to prove the
3 validity of the claim by a preponderance of the evidence,” *Ashford v. Consolidated Pioneer Mortgage*
4 *(In re Consolidated Pioneer Mortgage)* 178 B.R. 222, 226 (B.A.P. 9th Cir. 1995) (quoting *In re*
5 *Allegheny Int’l, Inc.*, 954 F.2d 167, 173-74 (3d Cir. 1992)), *aff’d without opinion* 91 F.3d 151 (9th Cir.
6 1996). “[T]he ultimate burden of persuasion is always on the claimant.” *Holm*, 931 F.2d at 623 (quoting
7 King, *Collier on Bankruptcy*); *see also Lundell v. Anchor Constr. Specialists, Inc.*, 223 F.3d 1035, 1039
8 (9th Cir. 2000), *Spencer v. Pugh (In re Pugh)*, 157 B.R. 898, 901 (BAP 9th Cir. 1993); *In re Fidelity*
9 *Holding Co.*, 837 F.2d 696, 698 (5th Cir. 1988).

10 As set forth above, the Reorganized Debtors submit that the ADR No Liability Claims do not
11 represent a current right to payment and, therefore, should be disallowed and expunged in their entirety.
12 If any Claimant believes that an ADR No Liability Claim is valid, it must present affirmative evidence
13 demonstrating the validity of that claim.

14 **V. RESERVATION OF RIGHTS**

15 The Reorganized Debtors hereby reserve the right to object, as applicable, in the future to any of
16 the Proofs of Claim listed in this Objection on any ground, and to amend, modify, or supplement this
17 Objection to the extent an objection to a claim is not granted, and to file other objections to any proofs
18 of claims filed in these cases, including, without limitation, objections as to the amounts asserted therein,
19 or any other claims (filed or not) against the Debtors, regardless of whether such claims are subject to
20 this Objection. A separate notice and hearing will be scheduled for any such objections. Should the
21 grounds of objection specified herein be overruled, wholly or in part, the Reorganized Debtors reserve
22 the right to object to the ADR No Liability Claims on any other grounds that the Reorganized Debtors
23 may discover or deem appropriate.

24 **VI. NOTICE**

25 Notice of this Objection will be provided to (i) holders of the ADR No Liability Claims; (ii) the
26 Office of the U.S. Trustee for Region 17 (Attn: Andrew R. Vara, Esq. and Timothy Laffredi, Esq.);
27 (iii) all counsel and parties receiving electronic notice through the Court’s electronic case filing system;
28 and (iv) those persons who have formally appeared in these Chapter 11 Cases and requested service

1 pursuant to Bankruptcy Rule 2002. The Reorganized Debtors respectfully submit that no further notice
2 is required. No previous request for the relief sought herein has been made by the Reorganized Debtors
3 to this or any other Court.

4 WHEREFORE the Reorganized Debtors respectfully request entry of an order granting (i) the
5 relief requested herein as a sound exercise of the Reorganized Debtors' business judgment and in the
6 best interests of their estates, creditors, shareholders, and all other parties interests, and (ii) such other
7 and further relief as the Court may deem just and appropriate.

8 Dated: May 20, 2021

KELLER BENVENUTTI KIM LLP

9 By: /s/ Dara L. Silveira
10 Dara L. Silveira

11 *Attorneys for Debtors and Reorganized Debtors*
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